

Chapter 12

Small Power Production and Cogeneration

54-12-1 Legislative policy.

- (1) The Legislature declares that in order to promote the more rapid development of new sources of electrical energy, to maintain the economic vitality of the state through the continuing production of goods and the employment of its people, and to promote the efficient utilization and distribution of energy, it is desirable and necessary to encourage independent energy producers to competitively develop sources of electric energy not otherwise available to Utah businesses, residences, and industries served by electrical corporations, and to remove unnecessary barriers to energy transactions involving independent energy producers and electrical corporations.
- (2) It is the policy of this state to encourage the development of independent and qualifying power production and cogeneration facilities, to promote a diverse array of economical and permanently sustainable energy resources in an environmentally acceptable manner, and to conserve our finite and expensive energy resources and provide for their most efficient and economic utilization.

Amended by Chapter 374, 2008 General Session

54-12-2 Purchase of power from qualifying power producers.

- (1) Purchasing utilities shall offer to purchase power from qualifying power producers.
- (2) The commission shall establish reasonable rates, terms, and conditions for the purchase or sale of electricity or electrical generating capacity, or both, between a purchasing utility and a qualifying power producer. In establishing these rates, terms, and conditions, the commission shall either establish a procedure under which qualifying power producers offer competitive bids for the sale of power to purchasing utilities or devise an alternative method which considers the purchasing utility's avoided costs. The capacity component of avoided costs shall reflect the purchasing utility's long-term deferral or cancellation of generating units which may result from the purchase of power from qualifying power producers.
- (3) Purchasing utilities and qualifying power producers may agree to rates, terms, or conditions for the sale of electricity or electrical capacity which differ from the rates, terms, and conditions adopted by the commission under Subsection (2).
- (4) The commission may adopt further rules which encourage the development of small power production and cogeneration facilities.

Amended by Chapter 374, 2008 General Session

54-12-3 Recovery of investment costs.

The commission may not consider any purchasing utility's purchase of power from a qualifying power producer as a reason for disallowing recovery of the purchasing utility's investment costs for facilities which are in use prior to signing a contract for the purchase of power from a qualifying power producer.

Amended by Chapter 374, 2008 General Session